



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



NOVEMBER 23, 1999

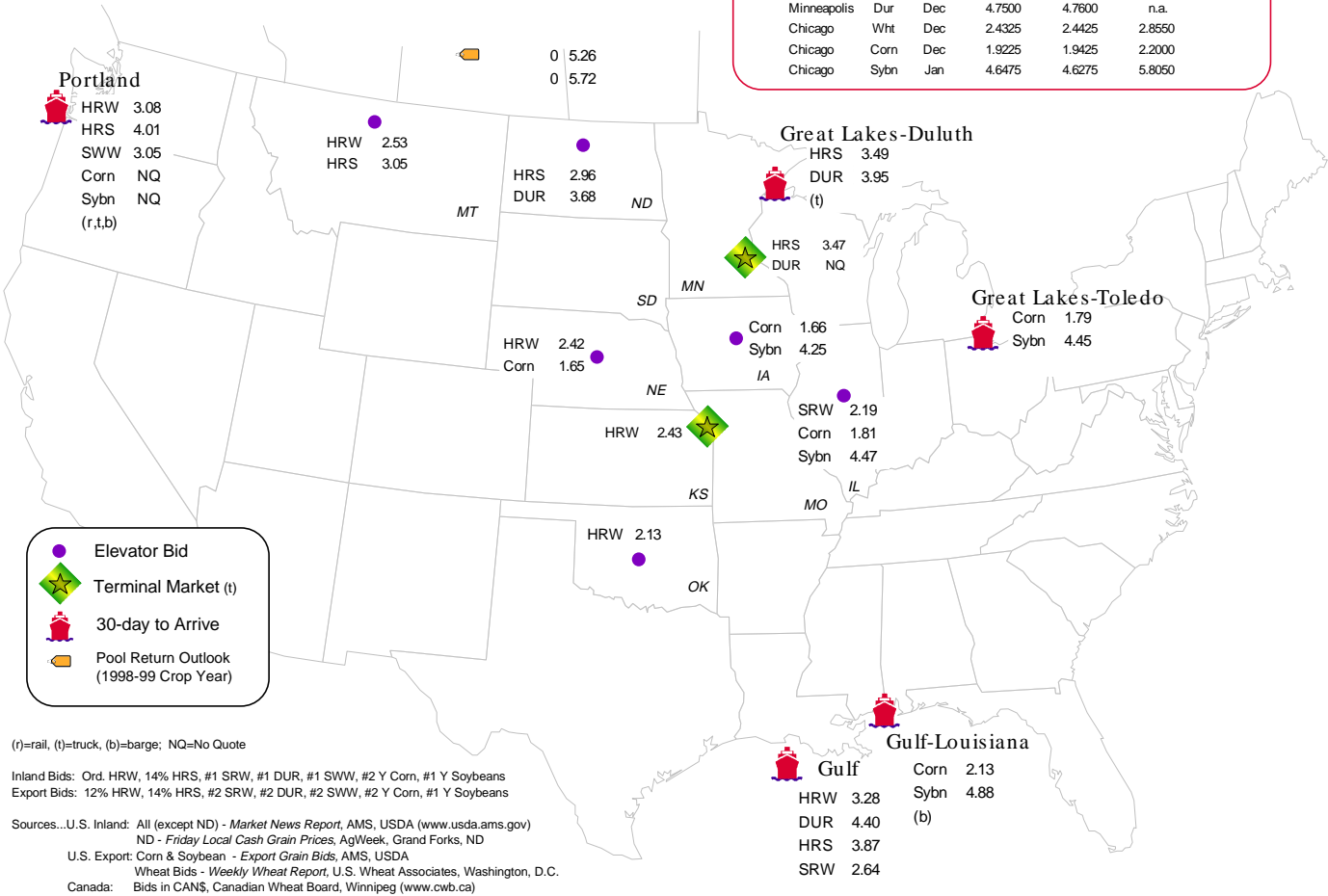
UP Reports Improved Service. The Union Pacific Railroad (UP) has reported that its rail service is back to normal and, in some cases, better than it was prior to its so-called meltdown following its 1996 \$5.4 billion merger with Southern Pacific Rail Corporation. During 1997-98, UP rail congestion problems emanated from the Houston area and soon spread gridlock, delayed shipments, and difficulty in car accountability to much of its 36,000-mile system. The newly merged railroad faced the wrath of angry shippers, claiming to have lost millions due to the problems, as well as the heightened scrutiny of the Federal Railroad Administration (FRA), focusing on safety-related issues such as employee workload and fatigue. In addition to several lawsuits, possibly costing the railroad upward of \$2 million, UP has reportedly lost \$1 billion in revenues because of the problems. Dick Davidson, UP Chairman and CEO, is optimistic, however, stating, "In almost every case, it is at least back to the level of service we were providing prior to the merger." As evidence of these improvements, UP's average train speed has increased from 12.7 mph during the crisis to 18.3 mph last month. Other factors indicate that the UP has retrieved approximately half of the market share it lost to trucks, barges, or other railroads during the crisis. Davidson also pointed to the importance of operating both the UP and Southern Pacific as one railroad, instead of separately. This was evidenced by difficulties with the different computer systems, as well as complications in satisfying various labor agreements. Contributing to its increased efficiency was UP's recognition of the benefits of "directional running," or devoting a single track to one direction, thereby avoiding time spent diverting trains to a side track while others passed; decentralization, allowing regional vice presidents the ability to make decisions with which they are most familiar; capital expenditure improvements; and an emphasis on providing consistent performance. The UP, as well as the Burlington Northern Santa Fe, have gained efficiencies from the joint dispatching center in Spring, TX, that both share. Safety issues have been largely resolved due the hiring of additional workers, according to an official at FRA's safety assurance and compliance office. Despite the improvements, however, not all shippers are satisfied with UP's progress. Diane Duff, executive director of the Alliance For Rail Competition, representing roughly 60 shippers, conveys the belief of some in the organization that the UP has yet to deliver the level of service that was promised during the merger. "When they went through the merger, they said service was going to improve. People don't feel that has occurred." Davidson, however, is confident, stating, "...the new millennium is going to be the year...we start achieving the vision of the merger." (*Houston Chronicle 11/22*)

U.S.-Canadian Producers Think Regionally. Agricultural producers and political officials from both the U.S. and Canada met recently at the Northern Plains Producer Conference in Fargo, ND, to develop a unified approach to dealing with problems affecting agriculture. "Farmers are in trouble on both sides of the border," stated Roger Johnson, Agriculture Commissioner for North Dakota. "It's important that we not point fingers, but that we work together to find solutions," he added. North Dakota, South Dakota, and Minnesota, as well as their counterparts from the Canadian provinces of Manitoba and Saskatchewan, agreed to issues such as harmonizing chemical and truck regulations, developing a common position on genetically modified organisms, taking a regional approach to economic development, seeking cooperative joint marketing ventures, and creating producer advisory groups to discuss cross border issues. Although the U.S. and Canada are each other's biggest trading partners, it was only late last year that South Dakota Governor Bill Jackson ordered that trucks with Canadian grain or livestock be blocked from entering his State. In addition, several northern-tier States began stopping Canadian trucks to inspect cargo and confirm necessary paperwork for transporting goods into the U.S. North Dakota Governor Ed Shafer emphasized, however, that those actions were not directed at Canadian farmers but, instead, "were intended to wake up the White House, the United States government..." In fact, although a memorandum of understanding between U.S. and Canadian trade representatives soon followed, Governor Shafer stressed that more work is needed. With this regional perspective in focus, conference leaders vowed to schedule another conference in the near future. In a separate matter, 27 Canadian farmers were recently found guilty by a Canadian Provincial court of illegally exporting grain into the U.S. more than 3 years ago. As a challenge to the Canadian Wheat Board Act, the farmers transported numerous shipments of wheat and barley into the U.S., seeking a higher price than was available through the Wheat Board. The Act requires that nearly all Canadian grain exports be handled by the Board to guarantee the best price. Saskatchewan farmer, Blake Kotylak, frustrated over the interference of the Board and Federal Government, stated, "We're trying to make a living and they don't want to help us out as far as subsidies or anything, but we can't do it on our own either." Prosecutor, Horst Dahlem, expressed sympathy for the farmers, "They are not ordinary criminals. They are farmers." But, he added that "the law is the law." Fines begin at \$500, with an additional \$1,000 for the second offense and \$250 for each subsequent offense. (*Agweek 11/22, AP 11/22*)

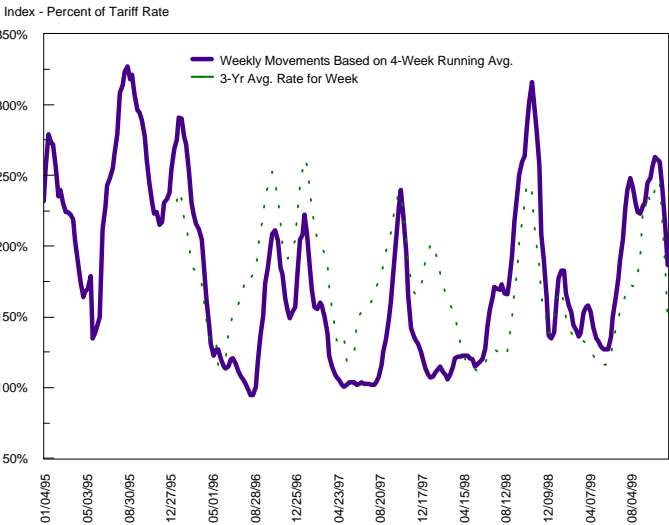
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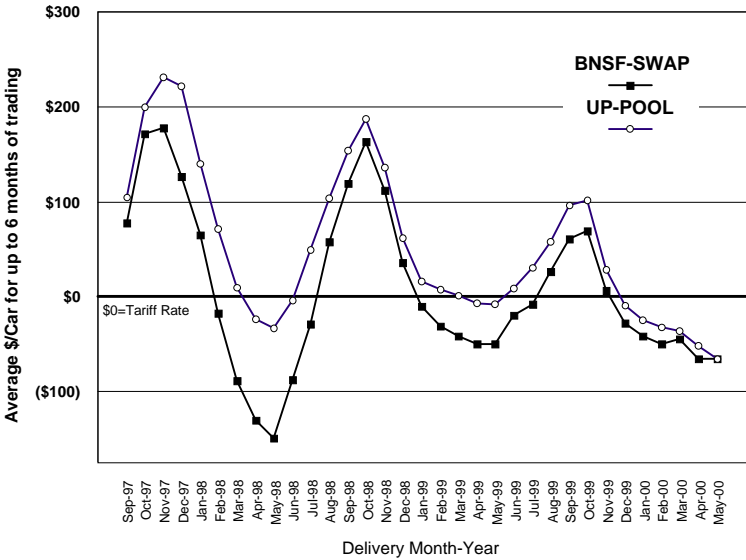
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Dec-99		Feb-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,175	41%	11,000	7%
UP-GCAS	5,400	27%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Dec-99	Jan-00	Feb-00	Mar-00
BNSF-GF	\$(217)	\$(110)	\$(105)	\$(74)
UP-Pool	\$(157)	\$(123)	\$(108)	\$(91)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Dec-99	Jan-00	Feb-00
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate*
11/19/99	Illinois River	twk	140**
		wk 12/5	140*
	St. Louis	twk	105*

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

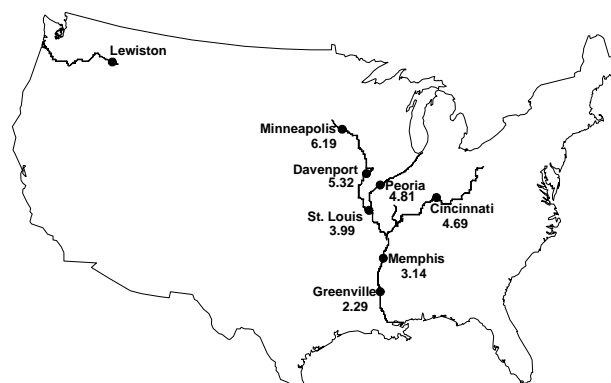
nwk=next week

(*) percentage for bid rates

(**) percentage for offered rates

Southbound Barge Freight Spot Rates

	11/17/99	11/10/99	Dec. '99	Feb.. '00
Twin Cities	199	199	nq	nq
Mid-Mississippi	152	167	nq	nq
Illinois River	149	163	151	165
St. Louis	112	124	114	113
Lower Ohio	127	145	118	118
Cairo-Memphis	107	117	108	110

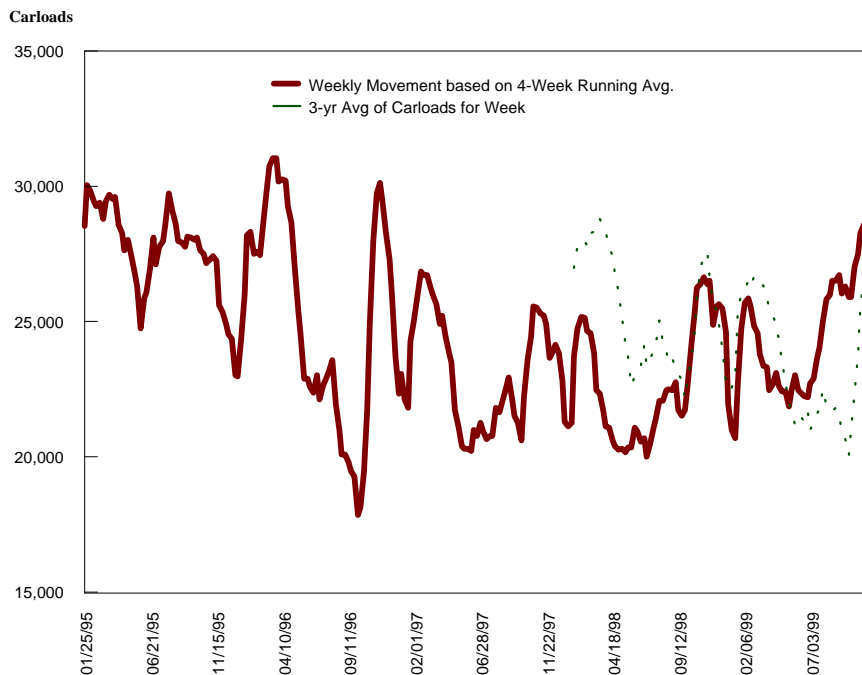
Source: Transportation & Marketing /AMS/USDA
nq=no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
10/30/99	28,093
11/06/99	25,764
11/13/99	26,533
Year to Date - 1999	1,110,701
Year to Date - 1998**	1,019,582
Total 1998**	1,183,860
Total 1997*	1,199,995

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

		<u>East</u>				<u>West</u>		<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
11/13/99	0	3,094	1,733	2,931	10,226	669	7,880	2,957	4,157
This Week Last Year	1,632	2,998	1,325	3,157	9,178	614	6,900	2,617	3,898
1999 YTD	15,522	113,049	77,944	119,598	404,990	29,706	350,892	102,069	180,246
1998 YTD*	34,855	108,814	68,046	114,495	369,832	30,063	293,477	99,449	188,791
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: Association of American Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

November 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
11/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
11/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
11/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
11/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
11/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
11/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,800	\$30.86	\$0.78
11/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
11/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,415	\$26.62	\$0.68
11/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
11/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

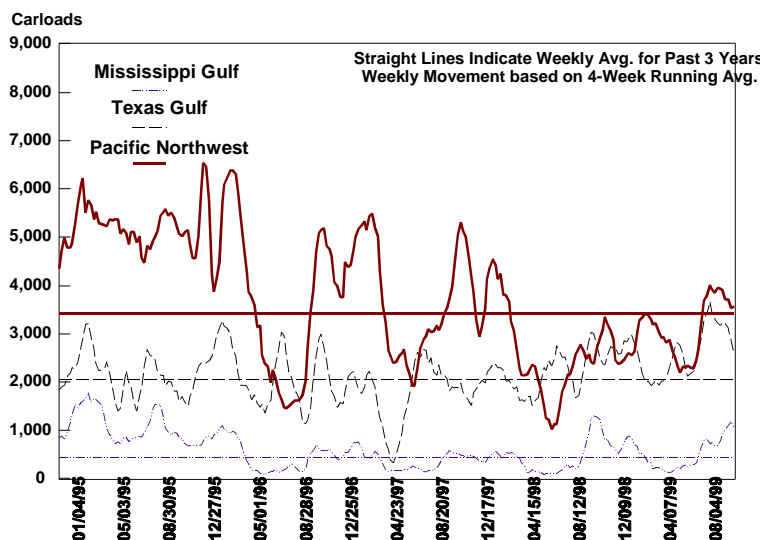
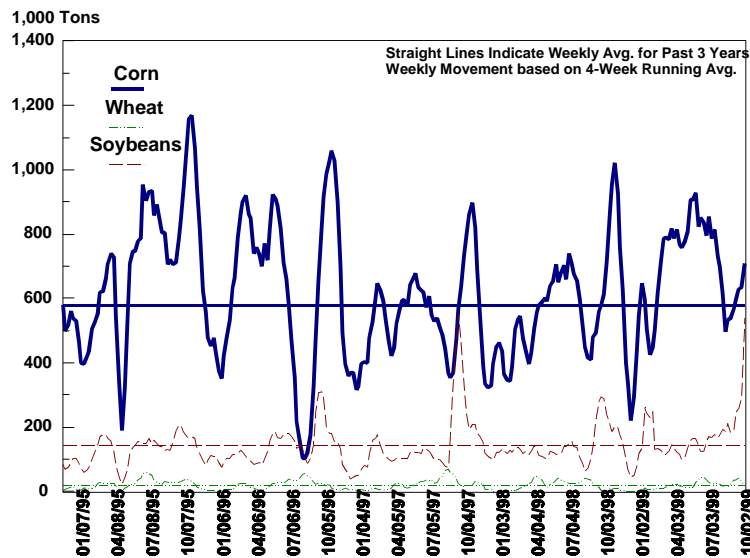
Rail Deliveries to Port

Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
10/06/99	872	3,405	3,803	161
10/13/99	1,481	3,158	4,013	127
10/20/99	1,161	3,287	3,382*	295
10/27/99	937	2,626	3,689*	453
11/03/99	1,139*	2,333	3,063	452
11/10/99	1,039	2,106	4,186	473
YTD 1999	25,016	118,318	137,857	13,050
YTD 1998	18,631	97,940	116,906	9,645
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA

Note: *Revised data.

Rail Deliveries to Port**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 11/13/99

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	419	2	92	513
Winfield, MO (L25)	589	6	186	784
Alton, IL (L26)	860	6	246	1,115
Granite City, IL (L27)	907	6	268	1,182
Illinois River (L8)	275	0	21	296
Ohio (L52)	47	0	29	93
Arkansas (L1)	0	3	15	18
1999 YTD	32,075	2,576	8,049	45,017
1998 YTD	25,271	2,207	7,244	37,326
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers

U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
11/11/99	1,234	654	845	512	203	3,449	8,756	5,586	17,791
This Week Year Ago	1,361	235	1,095	978	194	3,862	8,718	5,366	17,946
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	5,884	1,810	2,505	1,859	423	12,481	10,264	6,196	28,941
97/98 YTD	5,301	1,060	3,013	2,768	419	12,561	8,315	17,713	38,589
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
11/18/99	242	246	107	165	580	665	151	0	55
1999 YTD	9,001	8,109	1,002	6,282	31,894	12,886	7,990	545	1,338
1998 YTD *	8,914	3,793	622	4,518	25,961	11,853	6,338	456	1,069
% of Last Year	83%	185%	154%	124%	102%	86%	110%	97%	96%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

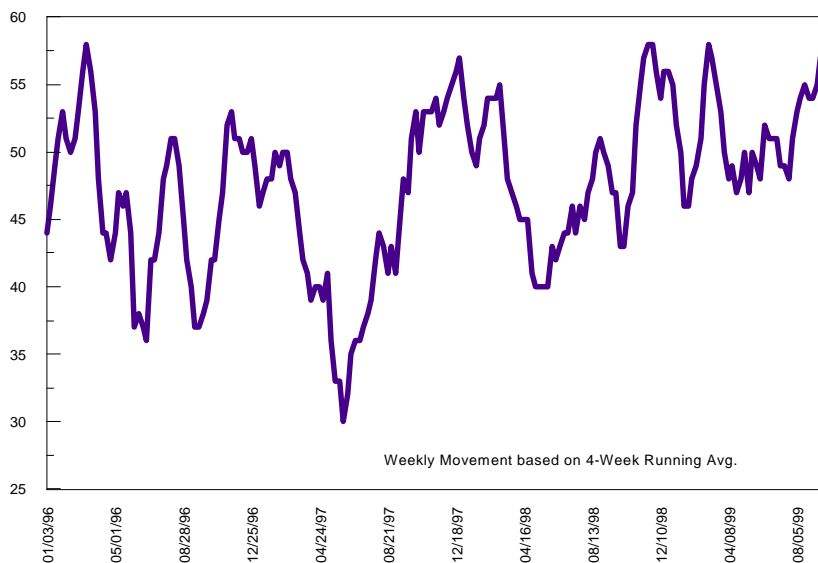
Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 11/18/99			
Vancouver	1,292	391	147
Prince Rupert	445	0	21
Prairie Direct	298	102	64
Thunder Bay	319	100	53
St. Lawrence	1,102	548	0
1999 YTD Exports	3,456	1,141	285
1998 YTD Exports	3,131	860	229
% of Last Year	110%	133%	124%

Source: Canadian Grains Commission
YTD-Year-to-Date Crop Year 8/1-7/31

Vessels



**Gulf Region
Vessels Loaded
- Past 7 Days-**

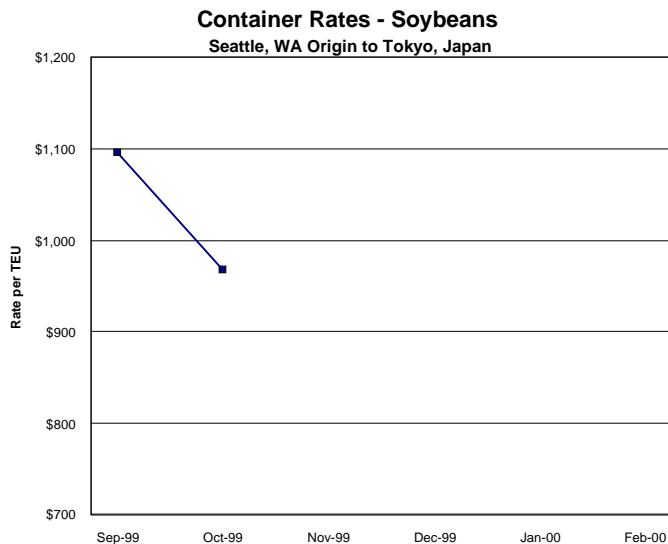
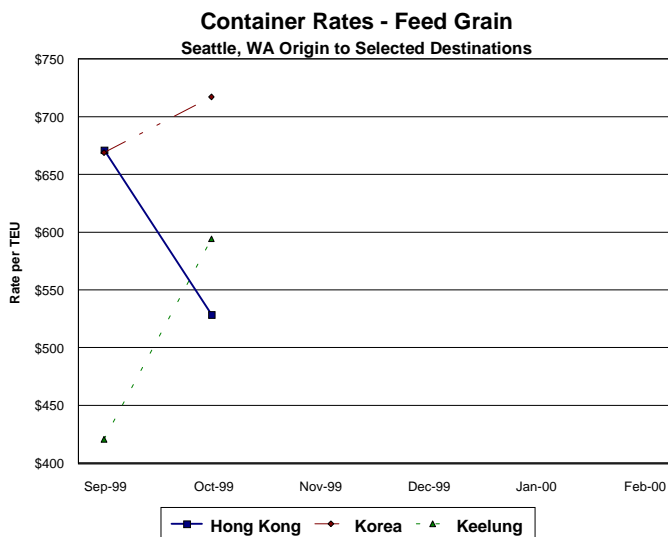
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
11/11/99	36	59	61	9			16	11	3
11/18/99	23	57	75	10			11	9	6
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						

Source: Transportation & Marketing /AMS/ USDA

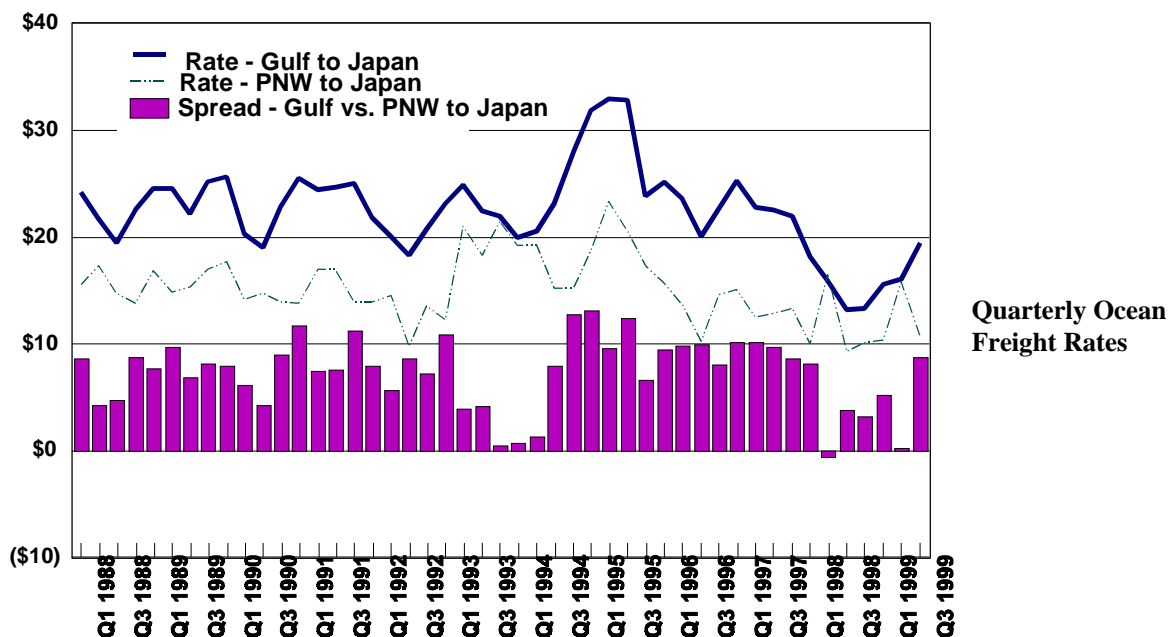
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

US\$/Metric Ton

**Quarterly Ocean Freight Rates**

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 3 rd Qtr	1998 3 rd Qtr	% Change		1999 3 rd Qtr	1998 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$19.46	\$13.17	48%	Japan	\$10.71	\$9.35	15%
Mexico	\$14.97	\$16.33	-8%	Red Sea/ Arabian Sea			
Venezuela	\$12.64	\$10.30	23%				
N. Europe	\$13.31	\$8.85	50%	Argentina to			
N. Africa	\$18.20	\$13.87	31%	N. Europe	\$13.94	\$12.15	15%
				Japan	\$23.00	\$16.21	42%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 11/20/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Great Lakes	Denmark	Wheat	November	15,000	\$25.50
Gulf	Holland	Grains	November	45,000	\$13.50
Gulf	Philippines	Meals	December	55,000	\$23.00
Gulf	Japan	Heavy Grain	Dec./Jan.	54,000	\$22.50/23.40
Gulf	China	Heavy Grain	November	55,000	\$22.50
PNW	Taiwan	Heavy Grain	Prompt	54,000	\$13.50
River Plate	Denmark	Meals	Prompt	30,000	\$18.50
France	Tunisia	Wheat	Prompt	25,000	\$15.50
Antwerp (Belgium)	Saudi Red Sea	Barley	Prompt	60,000	\$17.50
Rotterdam	Turkey	Rye	Prompt	18,000	\$16.00

Source: Maritime Research Inc.